

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE  
Transcriber's Office  
FLOOR DEBATE

April 5, 2002

LB 1085

economy and, therefore, it would make it less likely in the future, because we would have improved revenue growth, less likely in the future that we would need to increase rates or further expand the tax base. Secondly, by increasing the categories that we tax we can bring down, in this instance, the over all sales tax rate, and I think that most tax textbooks would argue that when you can bring down your rate and make it equal to or less than competitive rates in other state economies, that that is a desirable thing for your state to do. I passed around a chart earlier showing that if we reduce our rate to 4.75 percent, we will be below Kansas, we will be below Iowa, our two main competing states, and we will be below South Dakota. At the same time that we drop that rate and make it more competitive, we also will continue though to tax fewer categories of services than Iowa or Kansas or South Dakota and even Wyoming, so we would be putting...positioning ourselves very well in terms of our sales tax rate and in terms of the number of categories that we tax and would...that would have the effect then of further preventing or discouraging any border bleeding. It...the third thing that...that I think represents good policy by...

SENATOR CUDABACK: One minute.

SENATOR BEUTLER: ...expanding the base is the fact that we would have a steadier and a stabler tax. The sales tax has always been one of the most stable taxes, more stable, for example, than income taxes, and it would require then a larger portion of the economy going bad on us in order to deteriorate our revenues. So we wouldn't be hit particularly hard if it were one or two or three industries. It is more likely you would be hurt by a slump in certain selected industries if your tax base happened to rely upon those industries. And finally, uniquely to Nebraska or not uniquely to Nebraska, I would argue that expanding the sales tax base actually, in this historical circumstance, is making up for taxes that we've been losing through Internet and catalog sales. We won't be taxing the same thing, but we've actually been losing...

SENATOR CUDABACK: Time.